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The President's Daily Brief

December 29, 1976

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~~*Top Secret*~~

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USSR - MIDDLE EAST: *The USSR is privately taking the line that in looking toward a Middle East settlement, no alternatives to a resumption of the Geneva conference should be considered, and that the US and the USSR, as co-chairmen of the conference, must find a "common approach."*

The chief of the Soviet Foreign Ministry's Near East department, M. D. Sytenko, in a conversation with a US embassy official last week, stressed the importance of returning to the Geneva forum and even tried to be flexible on the question of Palestinian participation at the conference. He made no reference, for example, to the usual Soviet formula for Palestinian participation in the conference on a "basis of full equality and from the very beginning."

As far as the Soviets are concerned, Geneva remains the only possibility for Moscow to become a major participant in the negotiating process and a guarantor of any eventual agreement. The USSR also looks forward to using Geneva as a means of neutralizing the US advantage as sole spokesman for Israel and of moving forward on the Palestinian issue.

The Soviets have publicly rebuked Egyptian media over the past several weeks for emphasizing the US role in the Arab-Israeli settlement process. At the same time, the Soviet press has condemned Israel's proposal for a Helsinki-type Middle East conference as a "notorious initiative."

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CHINA: *The agricultural conference that closed on Monday served--in the absence of a functioning central committee of the Communist Party--as a forum in which to address major economic and political issues.*

The conference, which began on December 10, brought to Peking over 5,000 agricultural specialists and local leaders.

From the economic standpoint, conference speakers, led by Vice Premier Chen Yung-kuei, reaffirmed

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key elements of the agricultural modernization program announced in late 1975. These include plans to expand model agricultural areas, increase farmland capital construction, and complete mechanization of agriculture by 1980.

The attention given the conference suggests that China's leaders are banking on a successful agricultural program as a spur to other key sectors of the economy.

Chairman Hua Kuo-feng's speech dealt primarily with political goals, set apparently for 1977.

Foremost among these--apart from continued criticism of the four purged leftists--is the plan to conduct a rectification campaign in local leadership bodies. Hua announced this campaign in 1975, but it encountered stiff opposition from leftist leaders and was the focus of many local disputes this year.

The revived campaign--which will review the qualifications of local leaders and accordingly reeducate, reassign, or fire them--is likely to take into account the political affiliation of local officials and party members.

Hua's announcement that local people's congresses will be held next year to reconstitute local revolutionary committees--local government organizations--suggests that changes will be numerous throughout China.

The revolutionary committees, established at the end of the Cultural Revolution, included many leftists and have not been systematically reorganized since they were created. Hua's charges that leftists recruited party members lacking proper qualifications implies that even the lowest levels of party organization will be affected.

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Changes in local party organization will serve as an important preliminary to the reorganization of the party central committee.

[redacted]

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LEBANON: *Syrian pressure has apparently brought some movement on the problem of collecting the heavy weapons of combatants in Lebanon.*

[redacted] 25X1

the quadripartite committee charged with overseeing the truce--representatives of Syria, Egypt, Saudi Arabia, and Kuwait--reached a compromise last week whereby the Palestinians agreed to collect their heavy weapons in the south in specified areas. The Palestinians would retain actual control of their weapons, but the Arab peacekeeping force would guard the areas where the arms are to be stored.

On December 27, a PLO official publicly acknowledged the existence of an arms surrender agreement. He stated that the leftists would store their weapons near Sidon where they would be jointly guarded by leftist groups and the Arab peacekeeping force. The Palestinians, however, would store their heavy weapons near the Israeli border. This location would avoid supervision by the largely Syrian Arab peacekeeping force. The Israelis have repeatedly stated that they would tolerate no troops along their northern border other than regular Lebanese army forces.

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The Christians seem sure to balk at surrendering their weapons as long as the Palestinians retain unsupervised stockpiles of arms.

Fighting continued in southern Lebanon last week as Christians sought to consolidate their hold in areas near the Israeli border before a final peace agreement is reached. Clashes between pro-Syrian and pro-Iraqi groups in refugee camps near Beirut [redacted] 25X1

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NOTE

A behind-the-scenes agreement between the ruling Portuguese Socialist Party and the conservative Social Democratic Center appears to have assured passage of the government's economic plan, vital in stabilizing the country's faltering economy.

Objectives of the plan are increased national production and reduced dependence on foreign imports and financing.

An official of the Social Democratic Center yesterday gave details of the accord with the Socialists to US embassy officials. The Social Democratic Center has agreed to support Prime Minister Soares in this week's assembly balloting, in exchange for participation in a coalition government likely in 1977, the leading voice in one of the state-owned newspapers, and revision of that part of the economic plan dealing with the role of private enterprise.

The agreement extricates Soares from what could have been a decisive test of strength with the parliamentary opposition.

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